

MARICOPA COUNTY BOARD OF SUPERVISORS MINUTE BOOK

**INFORMAL SESSION
February 27, 2006**

The Board of Supervisors of Maricopa County, Arizona convened in Informal Session at 10:00 a.m., February 27, 2006, in the Board of Supervisors' Conference Room, 301 W. Jefferson, Phoenix, Arizona, with the following members present: Don Stapley, Chairman, District 2; Fulton Brock, Vice Chairman, District 1; Andrew Kunasek, District 3; Max W. Wilson, District 4, and Mary Rose Wilcox, District 5 (entered late.) Also present: Fran McCarroll, Clerk of the Board; Cassandra Harris, Administrative Coordinator; David Smith, County Manager, Paul Golab, Deputy County Attorney and Bruce White, Deputy County Attorney. Votes of the Members will be recorded as follows: (aye-no-absent-abstain).

Chairman Stapley welcomed everyone and introduced Keith Russell, Maricopa County Assessor.

PROPERTY VALUATIONS

Item: Presentation by the Maricopa County Assessor regarding 2007 Property Valuation Notices, including the reasons for increase valuations, protections for the property owner, and the county's role in questions from the public. (ADM300)

Keith Russell, Assessor

Mr. Russell thanked the Board of Supervisors for the opportunity to update them on the current status of the property valuations process being managed by the County Assessor's Office. The Notices of Value were being mailed today, and the Assessor has been actively speaking with the media to obtain their assistance to help people understand the changes. Mr. Russell stated that he did not want to see these notices with the increases in their property valuation and automatically think that there would be a corresponding increase in their property taxes.

~Supervisor Wilcox entered here~

Mr. Russell referred to the media packet of information that had been provided to the Board. The full-color insert contained in the packet entitled "*Your County Is Hot*" would be mailed to property owners with each of the Notices of Value, as an informational piece. The flier explained the increase in property valuations and related assessed values, all related to the current strong real estate market.

Chairman Stapley stated that the County had definitely experienced a strong real estate market. Now, resales are slowing down, and this information is a good tool to help people understand that this is a two-year snapshot. The increases in value are for the last 24 months and not just the previous 12 months.

Mr. Russell reported that the average increase was 51.78% over the last two years, and that was an important point to make to help property owners understand the overall picture. He referred to the "Tax Year 2006 & 2007 Comparison" information, stating that the "Single Family Residential" category had increased the fastest. Other specific information, including a breakdown by the municipality and by zip code was provided. Mr. Russell expressed appreciation for Chairman Stapley's assistance when they both spoke with the Editorial Boards of the The Arizona Republic and the East Valley Tribune. He explained that he had taken the opportunity to speak to a number of groups in an effort to further clarify this information for citizens. Mr. Russell also commented that changes in valuation did not always directly correlate to similar percentage increases in property taxes. He emphasized that property valuation is only the first step in the taxation process and that appeal options are available.

Chairman Stapley stated that as he and Mr. Russell spoke with the editorial boards a similar question came out of each group, "how many people do you have to answer the phones? As the valuations hit, the county will be swamped with phone calls." The biggest myth out there is that the values went up 50%, so taxes are going to go up 50%.

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Chairman Stapley felt they had gotten the message across that there is a Constitutional cap on the increases; however, he acknowledged that the cap was only on the primary rate. Both men affirmed that a property valuation notice is not a tax bill but rather a statement of the assessed value of a property. The actual tax bill is sent by the Treasurer, and they are two different, distinct documents. Although not statutorily mandated, the Chairman reminded everyone that the Flood Control and Library Districts also capped the secondary rate at 2%.

Supervisor Wilson referred to a common question dealing with the ability of a lower sale to skew the valuations in a neighborhood. Mr. Russell explained that the Assessor's Office does a very broad-based analysis to assure that individual sales out of the norm do not have a major effect on values.

In response to a question from Supervisor Brock, Mr. Russell explained that the way zip code valuation data is expressed can be misleading. An area like Sun Lakes could have some very diverse values, but be averaged together for the sake of reporting value increases by zip code. He added that modular housing is actually valued differently, often with more emphasis on land value.

Mr. Russell stated that the current real estate market was one of the main reasons he had decided to return to the one-year assessment cycle. To remain on the two-year cycle would have generated even greater increases in value for residential properties. This happens when future values have to be predicted based on current conditions.

Mr. Russell acknowledged that his office still struggles with adding new construction and property splits to the tax roll. The active real estate market has added to the work load, however, last year the office processed 500,000 deeds with basically the same level of personnel that processed 175,000 deeds in 1999.

The Supervisors agreed that the one-year cycle is more sensitive to market changes. They complemented Mr. Russell on his ability to utilize the tools and technology available to accomplish the tasks at hand. They also agreed to continue to evaluate the need for additional personnel and resources, providing support as needed.

Finally, both Chairman Stapley and Mr. Russell confirmed that an appeals system is in place regarding property valuations. With over one million parcels in the county, there is a potential for errors or discrepancies. Property owners should follow the instructions on their valuation notice if they wish to appeal the value.

MID-YEAR ECONOMIC REPORT

Item: Presentation of the economic forecast for Maricopa County (C4906041800) (ADM1825)
Elliot Pollack

Mr. Pollack stated that his presentation would focus on the national economy, what is occurring in the state and county and then, more specifically, the housing market.

Mr. Pollack reported that the national economy is booming and at a high level of expectation despite the bumps along the way, e.g. the hurricanes and oil shocks. There will continue to be shocks, but unless there is something that gets to the core of the economy the economic expansion will not be derailed. He referred to the blue chip forecasts of about 50 economists nationally who are expecting the economy to remain strong through 2006 and into 2007. Last year was a good year with growth of 3.5%. There is strong productivity growth, which leads to more output which, in turn, leads to more income.

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Inflation, compared to the last four expansions, is very low and, as a result, income adjusted for inflation is relatively high. There are low interest rates and favorable long term interest rates which continue for the housing demand.

Mr. Pollack described the 2003–2005 recovery period, during which average incomes increased and retail sales did well although they had dropped at the end of 2005. Mortgage rates and long term rates are still very low by historic perspective, and median single family home prices nationally took a big jump in 2005.

Mr. Pollack reported that the U.S. outlook for this year, when compared to 2005, on the average is still strong. Arizona piggy-backs on the U.S. economy and grows more rapidly during periods of expansion and less slowly during periods of recession, consistently outperforming the U.S. There are only two states that have been in the top five growth states every decade since the end of World War II; and they are Arizona and Nevada and nothing suggests that will change. In 2005, Arizona was second in population growth and third in job growth. Over the last ten years, greater Phoenix has accounted for seven out of every ten people who moved to the state and eight out of ten of the new jobs in the state.

The median price of a home in 2005 increased close to 45-50%, and every time 2.5 people move to the Maricopa County area some form of a new housing unit is needed. Mr. Pollack reviewed the housing market pointing out that in 2002, which was thought to be a good year, there were 76,000 re-sales and approximately 39,000 new houses. Last year, there were 134,000 re-sales and more than 63,000 new houses, which created an extraordinary demand and a rapid rise in values.

In 2002, the median housing price was \$175,000. This effectively doubled to \$360,000 by May of 2005. It has now decreased to approximately \$330,000. Housing prices have been virtually flat since last May because the supply/demand situation has leveled out.

Affordability for a home was not an issue until the second quarter of 2005. In the first quarter of 2000, Phoenix was the most affordable major housing market in the west. Affordability will improve because incomes will increase faster than housing prices over the next couple of years. The housing boom is not over, Mr. Pollack explained, just because the rate of appreciation slows or the level of permits slow modestly.

Even with the slowdown in housing the economy looks good as it will be offset to some degree by commercial real estate development. Employment should continue to be strong across the board and this is one of those periods when the economy is booming, with last year being probably the strongest in a decade. However, part of the increase is transitory. This is due to things that are purely temporary in nature e.g., the ability of people to take large quantities of money out of their homes and the investor frenzy, which has “pre-built” a number of homes.

A complete copy of Mr. Pollack's presentation is available in the Clerk of the Board's office.

MICHAEL WILKINS RESIGNATION

Motion was made by Supervisor Brock, seconded by Supervisor Wilson, and unanimously carried (5-0) to accept the resignation of Michael Wilkins, Justice of the Peace, Kyrene Justice Court, effective 11:58 pm, February 28, 2006. (C0606038900) (ADM1200-001)

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DON CALENDER RESIGNATION

Motion was made by Supervisor Brock, seconded by Supervisor Wilcox, and unanimously carried (5-0) to accept the resignation of Don Calender, Constable, Kyrene Justice Court, effective 11:58 pm, February 28, 2006. (C0606039900) (ADM1300-001)

DON CALENDER APPOINTMENT

Item: Appoint Don Calender as Justice of the Peace, Kyrene Justice Court, effective 12:01 am, March 1, 2006, to fill the unexpired term ending December 31, 2006. (C0606040900) (ADM1200-001)

Supervisor Brock stated that Constable Calendar had served honorably in his service to the community for years previously in law enforcement and would be an excellent appointment to fill the Justice of the Peace vacancy created by the resignation of Justice Wilkins.

Mr. Calendar extended a thank you to the Supervisors for the appointment, and stated that he looked forward to serving the public as the Justice of the Peace of the Kyrene Justice Court.

Motion was made by Supervisor Brock, seconded by Supervisor Wilcox, and unanimously carried (5-0) to appoint Don Calender as Justice of the Peace, Kyrene Justice Court.

PREMIUM PAY SCHEDULE

Item: Approve the revised Premium Pay Schedule for use in connection with existing Maricopa County Administrative Procedure HR 2416 (Section IV.A):

- o Ratify county and court departments' past use of the 8% and 13% shift differential rates in departments other than Maricopa Integrated Health Systems and Correctional Health Services, and
- o Subject to the Office of Management and Budget approval, authorize county and court departments' continued use of the 8% and 13% shift differential pending market or merit pay increases, with the new Premium Pay Schedule applied at the same time as market or merit pay increases are authorized (so as to minimize the impact on the take home pay of affected employees).

Subject to the above conditions, the revised Premium Pay Schedule shall be effective immediately. (C4906042600) (ADM3308)

Mr. Smith reported that there had been some study and concern that Maricopa County reflect what has actually changed in the market place.

Motion was made by Supervisor Wilcox, seconded by Supervisor Wilson and unanimously carried (5-0) to approve the revised Premium Pay Schedule for use in connection with existing Maricopa County Administrative Procedure HR 2416 (Section IV.A).

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SCHOOL DISTRICT #509

Item: The Board of Supervisors, pursuant to its authority granted in A.R.S. §15-1001, will consider for approval vouchers presented by the County School Superintendent of Maricopa County to draw warrants on the County Treasurer against Maricopa County Regional School District #509 School District funds for necessary expenses against the school district and obligations incurred for value received in services as shown in the Vouchers. (ADM 3814-003), and

The Board of Supervisors may consider ratifying any Maricopa County Regional School District #509 vouchers and or warrants approved in accordance with the procedures of A.R.S. §15-321 since the last meeting of the Board of Supervisors. The Board of Supervisors may hear staff reports on the vouchers and warrants being considered. The Vouchers are on file in the Maricopa County's Clerk of the Board's office and are retained in accordance with ASLAPR approved retention schedule. (ADM 3814-003), and

Staff may update the Board of Supervisors on regional schools operations and finances. (ADM3814-005)

Motion was made by Supervisor Wilcox, seconded by Supervisor Brock and unanimously carried (5-0) regarding action on the following vouchers:

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| • | Approve Voucher No. 118 | \$335,219.73 |
| • | Ratify Voucher No. 5151 | \$72,841.48 |

EXECUTIVE SESSION

Motion was made by Supervisor Brock, seconded by Supervisor Wilcox, and unanimously carried (5-0) to recess and reconvene in Executive Session to consider items listed on the Executive Agenda dated, February 27, 2006 pursuant to listed statutory authority, as follows.

LEGAL ADVICE; PENDING OR CONTEMPLATED LITIGATION – ARS §38-431.03(A)(3) and (A)(4)

Compromise Cases – *Barbara Caldwell, Outside Counsel*
Pierre Cucharme

LEGAL ADVICE; SETTLEMENT DISCUSSIONS CONDUCTED IN ORDER TO AVOID OR RESOLVE LITIGATION – ARS §38-431.03(A)(3) and (A)(4)

Settlement Agreement between former Assistant County Manager, IT and Maricopa County

David Smith, County Manager
Sandi Wilson, Deputy County Manager
Gwynn Simpson, Human Resources Director
Elizabeth Yaquinto, Deputy County Attorney

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LEGAL ADVICE; PENDING OR CONTEMPLATED LITIGATION; CONTRACTS SUBJECT TO NEGOTIATION – ARS §38-431.03(A)(3) AND (A)(4)

Advice regarding legal issues and options concerning County Regional School District/Accommodations School funding, management and audit issues.

Chris Keller, Chief Counsel, Civil Division
Sandi Wilson, Deputy County Manager
Bruce White, Deputy County Attorney
Brian Hushek, Deputy Budget Director
Shelby Scharbach, Deputy Finance Director
Dean Wolcott, Outside Counsel
Tom Manos, Chief Financial Officer
Ross Tate, Internal Auditor
Tom Irvine, Outside Counsel
Fred Rosenfeld, Outside Counsel
LeeAnn Bohn, Budget Manager

PERSONNEL MATTERS – PROMOTION, DEMOTION, SALARY, ETC – ARS §38-431.03(A)(1)

County Manager Mid-Year Review

MEETING ADJOURNED

After discussion on the above items and there being no further business to come before the Board, the meeting was adjourned.

Don Stapley, Chairman of the Board

ATTEST:

Fran McCarroll, Clerk of the Board